



Australian Government

Australian Taxation Office

Legislative Instrument

PAYG Withholding Variation: Labour Hire reimbursements and allowances

I, Matthew Bambrick, Acting Deputy Commissioner of Taxation, make this variation under section 15-15 of Schedule 1 to the *Taxation Administration Act 1953*.

Acting Deputy Commissioner of Taxation

Dated: 13 September 2016

1. Name of instrument

This instrument is the *PAYG Withholding Variation: Labour Hire reimbursements and allowances*.

2. Commencement

This instrument commences on the day after its registration on the Federal Register of Legislative Instruments.

3. Repealing of existing instrument

This instrument repeals and replaces legislative instrument *PAYG Withholding Variation: Labour hire reimbursements and allowances* (F2016L00436), registered on 30 March 2016.

4. Application

This instrument applies to payments that are covered by section 12-60 in Schedule 1 to the *Taxation Administration Act 1953* within the class of cases described below.

5. Class of cases

A payment for reimbursement of actual expenses incurred by the labour hire worker, provided:

- the expense that the labour hire worker incurs is related directly to the labour hire worker's work or services performed under the labour hire arrangement
- the expenses that the labour hire worker incurred may be able to be claimed as a tax deduction at least equal to the amount of the reimbursement
- the labour hire worker is able to substantiate the tax deduction claimed, and
- the amount and nature of the reimbursement is shown separately in the accounting records of the payer.

An allowance payment being:

- Cents per kilometre car expense payments calculated using the approved cents per kilometre rate (to a maximum of 5,000 business kilometres), or
- Domestic or overseas travel expenses involving an overnight absence from the labour hire worker's ordinary place of residence.

Provided that:

- the labour hire worker is expected to incur expenses that may be able to be claimed as a tax deduction at least equal to the amount of the allowance,
- the labour hire worker is able to substantiate the tax deduction claimed, and
- the amount and nature of the allowance is shown separately in the accounting records of the payer.

6. Amount to be withheld

The amount to be withheld from payments covered by this instrument has been varied to nil.